

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2014–15

Melbourne — 20 May 2014

Members

Mr N. Angus

Ms J. Garrett

Mr D. Morris

Mr D. R. J. O'Brien

Mr C. Ondarchie

Mr M. Pakula

Mr R. Scott

Chair: Mr D. Morris

Deputy Chair: Mr M. Pakula

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Witnesses

Mr P. Ryan, Minister for State Development,

Mr H. Ronaldson, Secretary,

Mr J. Strilakos, Chief Finance Officer,

Mr M Carrick, Deputy Secretary, Office of State Development, and

Mr P. Noble, Deputy Secretary, Major Projects, Department of State Development, Business and Innovation.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — We continue the estimates hearings with hearing 26, the portfolio of state development. I welcome back the Honourable Peter Ryan, Deputy Premier of Victoria, Mr Ronaldson and Mr Strilakos, and I welcome from the Department of State Development, Business and Innovation the Deputy Secretary, Office of State Development, Mr Matt Carrick, and the Deputy Secretary, Major Projects, Mr Peter Noble.

The Deputy Premier now has the opportunity for a brief presentation, again of no more than 5 minutes, on the budget estimates for the state development portfolio.

Overheads shown.

Mr RYAN — Thank you, Chair. When we came to office in December 2010 our first priority was, and it remains, responsible management of the state's finances. I am pleased to say we are delivering on that priority. We are the only jurisdiction in Australia with a AAA stable credit rating from both Standard & Poor's and Moody's. Our AAA rating means less of our taxes being used to pay interest bills, leaving more funds available for infrastructure and frontline service delivery, and this sends a very strong message that Victoria is a safe place to invest and a good place in which to do business.

Last year I became the Minister for State Development and established the Office of State Development to bring even greater focus to the Victorian government's efforts to attract and facilitate investment in Victoria. The portfolio coordinates the investment attraction efforts of the department. The Victorian government is open for business, as the slide says, and I have responsibility across a number of areas which, in the interests of time, I will not dwell on, suffice to say that they include the attraction of investment, the development the state-significant projects and the reduction of red tape for business purposes.

Victoria is the strongest of the non-mining states. We are in a circumstance now where the performance of our economy amongst the non-mining states is the best of those other jurisdictions, and it means, therefore, that we are able to do much more with the diversity of our economy in particular than is otherwise able to be achieved in other jurisdictions.

As the chart shows, we have a very diverse economy. The data on investment projects reveals that that diversity is there in many ways, by definition. It is a key to our economic success, and while we perhaps do not reap the spectacular growth of the mining states, the diversity of our economy means we attract investment across a wide range of industries, and that is a key to our economic resilience. That in turn has seen the underpinning of strong population growth. Over the last 12 months our growth was 1.9 per cent or just over 106 000 people. The most recent data shows population growth was strong in many of our regional centres. The overall picture is that during the 12-month period to 13 June regional Victoria's population grew by 0.9 per cent, or just over 14 500 people, and we are continuing our initiatives in that regard.

In establishing the Office of State Development we have over the past 12 months made substantial progress on our agenda. Through that office we have provided a world-class investment promotion agency with a focus on identifying, attracting and facilitating investment opportunities in Victoria from both overseas and interstate. We have provided free, confidential and professional advice to both international and domestic prospective investors. We have streamlined the investment attraction activities of the government.

We also intend to keep up the delivery of the various key performance indicators which underpin our aims for jobs growth. So far in 13–14 the government has facilitated over 140 investment projects, valued at over \$1.7 billion, which are expected to create more than 3900 new jobs. A couple of them are there on screen. Muji now has its Australian headquarters in Melbourne. It has now opened two stores here, one of which I had the great privilege of being able to open, and the other has just opened at the Emporium. In the case of Fresenius Kabi, a German-based global pharmaceutical company, it is establishing a \$47 million state-of-the-art manufacturing facility and distribution centre, creating 120 new jobs.

In the investment outcomes — there are many of them and I will not dwell on them in the interests of time. Perhaps we will return to them in questions. The continuing attraction to investment in Victoria takes many forms, and again we will speak about those in more detail as we go through. I do want to refer to Global Health Melbourne. In this year's budget we have allocated \$17.8 million to this program over three years to deliver the objectives of the Global Health Melbourne plan. This is intended to leverage Victoria's competitive advantages in the health and aged-care sectors and to generate new trade opportunities while creating jobs and ensuring the

highest quality health systems in Victoria. I emphasise that latter point — this is to the good of all Victorians that we are now heavily engaged in this important process.

In the Latrobe Valley, as Minister for State Development one of the key projects I am spearheading is the Latrobe Valley coal development project, and \$4 million has been allocated in the budget for that. As the Minister for Major Projects outlined to the committee only last week, we have a vision to transform Melbourne by unlocking the underutilised land along the rail corridor. Projects under consideration include the E-gate development, Federation Square East, the Flinders Street station redevelopment and the Richmond station precinct. Again we can talk to those in more detail as we proceed.

Finally in terms of this introduction, red tape reduction is something we are very committed to. We recognise that red tape burdens are a major frustration to productivity for Victorian businesses, and we have committed to a goal of cutting red tape by 25 per cent. That red tape reduction program is on track to deliver what we intend. As the slide says, our first tranche of 36 reforms have been announced, and we intend to make sure that this program continues to have beneficial effects for businesses in particular in Victoria.

The CHAIR — We have until 11.00 a.m. for questions, and I will again kick off. Deputy Premier, can you outline to the committee the budget initiatives in the state development portfolio which will contribute to the growth of Victorian jobs both in the coming year and over the forward estimates period?

Mr RYAN — The principal function of our budget is for the growth of infrastructure projects and investment programs in the portfolio. Accordingly, in this budget we are seeing more and more of that money coming forward. In terms of straight-up infrastructure, we are currently investigating, as I say, the feasibility of delivering four major infrastructure projects along the Richmond to Footscray rail corridor which offer the chance to unlock underutilised public land, transform the city and activate the precincts around them. Each of these projects has the potential to deliver very important public outcomes such as new jobs, increased connectivity, housing choices, new open space and better transport facilities.

These four projects, taking them in no particular order, are: Federation Square East, where the government is looking to fill a hole in Melbourne's landscape by creating a new commercial and civic precinct connecting the CBD to the river and to Melbourne Park. It has been talked of for a long time, and we believe we are nearing the position where this project will be able to be taken to market. I am conscious, in so saying, that the Minister for Major Projects has spoken to this in some detail already.

E-gate could revitalise the last remaining industrial space in the central city to create a suburb of up to 5000 dwellings, as well as providing a connection between North Melbourne and Docklands. This is a magnificent site — 20 hectares of land 2 kilometres or thereabouts from the CBD, sited immediately to the west of central Melbourne, a capacity for all sorts of innovative development which will serve this city and this state well in time to come.

The Flinders Street station project aims to improve the station and cater for future patronage growth while protecting its heritage, developing the underutilised western end and opening up the administration building, and increasing connectivity with surrounding precincts. Again the Minister for Major Projects has spoken to this, but we believe this to be a wonderful project. A competition has been held for the design, the award has been made in terms of the winner of that process, and we are now moving through the stage of a preliminary business case for it.

The Richmond station development has the potential to create a new gateway to Melbourne's famous sports and entertainment precinct while catering for future patronage growth and to address disability access issues. Chair, all of us here would be aware of the complexities that are represented by this particular site on occasion and very particularly when there are big games at the G — usually of course when the mighty Demons take the field. It means there are many people coming to these games, and being able to move people efficiently from Richmond station across to the ground and then around the precinct more generally is something that the government is studying very carefully. We are looking to the private sector to deliver these projects. They will represent, taken cumulatively, literally billions of dollars of development and thousands of jobs to be created. By definition, therefore, we need to be careful about this. We need to step through it in a staged process, and that is what we are doing.

In terms of investment, I am pleased to say that we are delivering on generating growth and jobs for Victoria. Since coming to government the coalition has facilitated over \$7.4 billion in capital investment and approximately 18 000 jobs. The investment support program is an example of an investment attraction program that provides incentives to attract footloose investment into Victoria to increase economic activity and to boost productivity in the state. Through our Office of State Development the coalition also provides an exceptional investment facilitation service.

In concluding, I want to make the distinction between, on the one hand, the notion of attracting investment into our state, either from domestic or international sources, through the use of our different programs and, on the other hand, the work we can actually do by way of facilitation of investments, which might not necessarily involve any money having to be spent. We have an expertise within our department which achieves the outcome whereby what are otherwise seen as impediments to investment in Victoria are able to be removed by way of consultation and discussion through the department.

I can clearly recall that on the occasion we opened the Muji store the Japanese director of the company was at pains to say that in the experience of that company, which obviously is Japan based, they had not encountered the degree of cooperation which they had seen through our department. I pay great credit to those folk who work within the department for being able to achieve that sort of commentary at that level.

Mr PAKULA — Minister, it is my understanding that the grant to SPC Ardmona was granted partly in your capacity as regional development minister and partly in your capacity as state development minister. I note the article on page 16 of today's *Australian Financial Review*, which is headlined 'Watkins non-committal on SPC Ardmona's future'. Watkins refers to Alison Watkins, who is the new managing director of Coca-Cola Amatil. The article quotes the fact that the 'former GrainCorp chief executive has been notably non-committal about the future of SPC Ardmona since she took the helm in March'. It says at the end, 'Watkins has nothing to lose by selling the SPC business, having played no role in securing the Victorian government's rescue package'. I would have thought that would have been a matter of some concern to you as well. Deputy Premier, I am just wondering if that is of concern to the government and what implications it has for the rescue package that has been provided, if indeed it is correct that the new managing director just wants to flog SPC off.

Mr RYAN — I did read the article. I note that it is totally editorial. There is no quote from Ms Watkins — absolutely nothing from her personally. There is an interpretation of an absence of comment from her, if you like, to put it that way, that somehow is supposed to reflect upon the foundation of the question you asked. I would say to you, in terms of the actual newspaper article, to be alert but not alarmed, because there is nothing in that article that is the foundation to it from SPC or anybody representing the organisation. In fact the position is that only a few months ago, after discussions with Mr David Gonski, through Coca-Cola Amatil, I was able on behalf of the government to negotiate the package of \$22 million, which, taken with the \$78 million which is being invested by SPC, will mean a \$100 million reinvestment in the plant, and it is going to achieve magnificent outcomes.

It will mean the closure of the plants at Kyabram and Mooroopna, which had been flagged for some time anyway. It will mean the consolidation onto the one site in Shepparton of the operations of the company, and that will mean, accordingly, huge gains in efficiency and productivity. It will mean also that the capacity to be able to invest in the international markets will be further enhanced. Amongst other things it will secure the 500 jobs, at least, of those who work at SPC, and it will also secure the additional 2700 jobs of those who are associated with the provision of fruit and product to SPC in Shepparton, as well as all the supply chain participants in their different forms.

In the course of the discussions with Mr Gonski there were various elements which formed part of the agreement, and that agreement stands. Amongst those is that, if it were that the business were to cease operation in the course of the first five years, all of the money which at that point had been paid over would be refunded. All of it would be refunded. The further condition is that the employment at SPC is maintained at a floor figure — a minimum figure — of 500.

On the day this arrangement was announced Peter Kelly, in his role as the CEO, made it clear that as far as he is concerned, on behalf of SPC, the project that we have now been able to facilitate will in fact mean a growth in the business of this enterprise. In fact it will mean that, once it is able to achieve the aims that are intended to be delivered by this package, it will strengthen the arm of the organisation in its ability to be able to compete,

particularly in the domestic as well as the international markets. That, I might say, Mr Pakula, as I think this article reflects, is already evident.

There has been an at least 10 per cent jump in the sales of the company through the way in which Australians have warmed to the task and are now buying local product. There has also been an increase in the sales of the company because of the deal which has been struck with Woolworths. All the pointers are to the fact that this business is doing much better than it was, that it has most assuredly been rescued from what would have been an inevitable outcome had we not intervened and that it bodes so well for the future of that great region of Victoria.

Quite properly that area lays claim to being the food bowl of the state, although we who live in Gippsland are prepared to argue at the edges about that. Quite reasonably the Goulburn Valley lays claim, through its dairy sector and horticulture sectors and the various other elements that go to make up the agribusiness sector in and around the Goulburn Valley, to being the food bowl of the nation, and we as a government have done an enormous amount of work to secure that future. It is not only through this project; the great work of the Minister for Water and the Murray-Darling Basin arrangements were fabulous. It saved about \$100 million for those who consume water up there in their various enterprises. So we are very confident as a government over the future of SPC in Shepparton and in the Goulburn Valley region more particularly.

Mr PAKULA — Minister, you talked about the requirements for payback if in the first five years the business closes or employment targets are not met. I understand what you say about there being no quotes, but if this article has any foundation — and it talks about possible buyers being Heinz and Simplot — do those payback obligations apply if the business is divested by Coca-Cola Amatil?

Mr RYAN — Mr Pakula, I am not going to enter the hypothetical, because to enter the hypothetical would give credence to this. I am not going to do that. We are very confident that the agreement that we have struck will take effect, will be implemented and will be a huge success for the region, so I am not even going to engage in that conversation. The fact is we have made this investment, and it will be a great success for the area. I say again that the commentary within that article is just that; it is newspaper commentary. There is a bit of it going around lately which is not as accurate as it might otherwise be. Perhaps we will get to that in the course of the questions a bit later this morning too.

Mr ANGUS — Deputy Premier, I refer you to budget paper 3, page 235. It outlines a target of 4250 jobs derived from investments facilitated in 2013–14. Can you advise the committee how the government is performing in relation to this target, and can you take the committee through in greater detail perhaps an example outlining how the government facilitates business investments?

Mr RYAN — Our government is focused on facilitating investment, creating jobs and boosting economic activity. We recognise that a sound economy and state finances provide a solid foundation for business growth, which in turn leads to more jobs for Victorians. Businesses are also attracted to the benefits provided by the state's world-class and significant infrastructure growth, skilled workforce, livability and growing population and markets. Within this business environment, the government recognises that both domestic and international investors need assistance and advice to ensure the smooth implementation of their investments.

Through the Office of State Development we actively provide specialist advice to potential investors on development approvals, statutory approvals, coordination, site location, infrastructure and utility requirements, and market intelligence. We welcome the market entry of international companies, including those that recognise the merits of establishing their regional headquarters in Victoria along with helping realise the growth of existing Victorian operations, both metropolitan and those, very importantly, in the regions.

So far this financial year, as at 15 May, our government is on track to achieve its investment targets, having facilitated more than 140 investment projects, valued at over \$1.7 billion, which are expected to create more than 3900 new FTE jobs. There are many examples that can be given in answer to the question.

Fresenius Kabi, a German-based global pharmaceutical company, is establishing a \$47 million state-of-the-art manufacturing facility and distribution centre, creating 120 jobs. It was recently announced by the Premier.

Grupo Alberico, a global Spanish company, is establishing a manufacturing plant in Campbellfield through its newly established subsidiary Alucoil Australia, creating around 24 full-time equivalent jobs when it becomes

operational in August this year. It will produce high-quality aluminium composite panelling for construction, mass transport and industrial sectors.

H & M, the Swedish-based global fashion brand, opened its first Australian store in Melbourne, creating 200 jobs. Melbourne's position as a leading retail and hospitality destination was supported by our government, which had been working with H & M for several years to facilitate this investment. I had the great pleasure of being able to announce it.

Equinix, the US-based global interconnection and data centre company, is establishing a data centre in Melbourne, which should be completed towards the end of 2014. This significant investment is expected to create around 20 extra jobs by the first quarter of 2015. That was announced by the Minister for Technology, Mr Gordon Rich-Phillips.

Williams-Sonoma, the leading US international home furnishings company, has opened a West Elm store in Melbourne. It is the first company-owned West Elm operation outside North America. It has created 30 full-time and part-time jobs, the net effect being 20 full time. The coalition government has worked closely with that company for the best part of the last two years to assist.

We have also seen significant investment in regional Victoria, including Rubicon Water, which is the expansion of the water technology company's Goulburn Valley operations, creating 112 new jobs. I had the great pleasure of going to Shepparton to make that announcement.

EnergyAustralia, establishing its new national contact centre in Geelong, creating 300 new jobs, securing 500 existing jobs. We facilitated this project, making a strategic coinvestment in partnership with EnergyAustralia. It was announced by the Premier and by me in the earlier part of this year.

e-CentricInnovations, the Melbourne-based IT consulting firm, establishing a SharePoint factory in collaboration with Microsoft Australia and La Trobe University, creating 153 new jobs in Bendigo. That was recently announced by the Premier.

The Epworth Geelong hospital — when complete, this new facility will be located next to Deakin University's Waurin Ponds campus. It will create 780 full-time jobs, and I had the pleasure of announcing that.

Kagome, Australia's largest tomato processing company, investing in a \$21 million expansion at its Echuca facility, creating 20 new jobs. I might say that when I was in Japan recently I visited and met with the board of this company. They then flagged we would see this further investment. We now have it, and I can tell the committee with much confidence that there is more to come.

The Pactum Dairy Group — I had the great pleasure, with the Deputy Prime Minister, to open this facility in Shepparton only two weeks ago. It is a long-life milk manufacturer. It is investing \$40 million in a new ultra high-temperature — UHT of course — milk processing facility in Shep, creating 52 new jobs.

Sky Software, a provider of smart, cloud-based education solutions, established a global support centre that has created 40 jobs in Geelong. Interestingly, in making that announcement there were about six or seven other such providers who were at that function that day who are all Geelong based, doing similar sorts of things. It is one of the things that goes under the radar a bit in terms of Geelong's development — known I am sure to members of the committee, but for most of the Victorian public I do not believe they understand the significance of it.

Many international companies have shown confidence in our government's sound economic management and have set up their Australian headquarters in Victoria. I will not go through them in detail. Muji — as I said, Mr Kanai at the time of the opening of that store out at Chadstone made the observation to me that he and his team had never before encountered such willingness on the part of the government, but more particularly the extensive support and facilitation from the department which has enabled the investment to occur.

Eventbrite, a multi-category, San Francisco-based online ticketing company, has got its headquarters now in Melbourne — another 30 jobs. Hightail, which is a Silicon Valley ICT company establishing here in Melbourne — another 20 jobs. Servion Global Solutions, the Indian company providing customer interaction management solutions for organisations globally, establishing its headquarters in Melbourne. Tintri, a leading US ICT company, establishing here — another 30 high-value strategic jobs. Mimecast, a UK-based leading

vendor of cloud-based email management services, has already opened its Asia-Pacific headquarters in Melbourne — another 25 jobs. They go on: Sissit, Two Bulls, Wagstaff Cranbourne. They are numerous, but in the interests of time I will not go through them in the detail that they otherwise deserve.

Mr SCOTT — Minister, your presentation made reference to the red tape commissioner. There is a report in today's *Herald Sun* relating to a document that was received by yourself relating to the bushfire management overlay system I believe in October last year. I am not going to read extensively from the document, but I will make a couple of comments to provide background. It is reported a crisis is emerging. There is reference to the impact on banks and financiers, local businesses, builders and real estate agents affected by this particular problem. My question is really simple: what have you done to resolve the issues that are raised by this very worrying document?

Mr ANGUS — On a point of order, Chair, my point of order is in relation to relevance and whether this particular question should be directed to this minister or indeed to the Minister for Bushfire Response.

Mr PAKULA — On the question of relevance, the minister has clearly been copied in and involved in the correspondence because it is correspondence from the red tape reduction commissioner and that office lies within the minister's portfolio. He can answer the question to the extent that it is relevant to his portfolio as the minister responsible for the red tape reduction commissioner. If he can answer no broader than that, that is fine.

The CHAIR — If my recollection serves me correctly, the report indicates that the matter was addressed to the Minister for Planning and the Minister for State Development. On that basis I will allow it.

Mr RYAN — I am familiar with the document. It was provided to me by John Lloyd on the same occasion that he also made the document available to the Minister for Planning. I anticipate you may want to be putting some questions to him, but I will not of course breach the rule of anticipation — we will see what eventuates during the hearings this afternoon. But first can we deal with some matters that are pertinent to the publication of today's article. I suppose the first thing to be said about today's article is that it is wrong in one crucial element. I am pleased you asked me this question; it is this issue to which I was hoping you would address, quite reasonably, some request for information, bearing in mind what has been published today. I refer you to the same document to which you referred in quoting elements of it, that document being produced by Mr Lloyd. You will see at paragraph 15, if I can point you to it, Mr Scott, that the last sentence says:

It is estimated that 300 000 properties across Victoria fall under the new requirements.

That is what it says, you agree? That is what it says in paragraph 15, last sentence.

Mr SCOTT — It might be a different document.

Mr PAKULA — Paragraph 17 on the one front of us.

Mr RYAN — Thank you, I take the correction. It says 15 in front of me. If you go to the newspaper article — I do not know whether you have that in front of you?

Mr PAKULA — No.

Mr RYAN — Okay. I can assist you, because I do. You do not have it, Mr Scott?

Mr SCOTT — I have it in front of me.

Mr RYAN — On your screen, okay. In the key points, as they are termed, which are set out in the body of that article, where the photograph is displayed there of Mr and Mrs Jones — do you have that on your screen?

Mr SCOTT — I have the photograph of Mr and Mrs Jones.

Mr RYAN — Good. Do you have the key points?

Mr SCOTT — I have the article, if that is what you refer to.

Mr RYAN — No, there are key points — a cut-out in the article.

Mr SCOTT — That does not appear in the electronic version.

Mr RYAN — That is unfortunate, because I think if you are going to reference these issues to a witness, you need to have the complete product, because the complete product tells the complete story, or mis-story. So I will read it to you. In the third of the key points it says:

About 300 000 Victorian properties cannot comply with —
the —
rules.

That is what it says. And I might say it is that observation which the Leader of the Opposition has latched onto, presumably, in his commentary in the article itself, where he says, as is quoted here:

Three hundred thousand properties, thousands of families, businesses and builders have been left to fend for themselves because of how (Premier) Denis Naphine has botched this ...

Now in fact, Mr Scott, the assertions made by the newspaper are wrong. This is not a case of 300 000 properties not being able to comply with the rules. It is simply wrong, and it does not reflect the commentary from Mr Lloyd. Mr Lloyd said, I reiterate:

It is estimated that 300 000 properties across Victoria fall under the new requirements.

They are fundamentally different things. They are fundamentally different. The simple fact is — —

Mr SCOTT — On a point of order, I think I can be of assistance. I have a document under the name of John Lloyd dated 30 October 2013, and I want to be frank: there is a contradiction between the statements being made by the Premier and the document that I have in front of me. It would be — —

Mr O'BRIEN — He referred to an article in the question.

Mr SCOTT — No, he actually referred to the document, David, but let us continue. I am trying to be helpful, actually. I am happy to table the document, if it would be of assistance to the committee, because there is a confusion. I will read the section, if it is of assistance.

Mr RYAN — Yes, certainly. You are the one putting the question.

Mr SCOTT — Paragraph 17 of the document which I have here states at the last sentence:

It is estimated that 300 000 properties across Victoria cannot comply with the new requirements.

That is from a document from John Lloyd, which has 21 paragraphs in total, three pages, and is dated 30 October 2013.

Mr PAKULA — It seems we have different versions.

Mr RYAN — Yes, because the document I have is later than that document; it is dated 1 November 2013. It contains essentially the same commentary, but — —

Mr PAKULA — It is a very different sentence, though.

Mr RYAN — It is a very different sentence. It is a very different sentence, because the fact is that while it is the case that the planning schemes in Victoria are being amended to incorporate the overlay and while it is the case that this has meant difficulty for many people in rural and regional Victoria in particular, it is nothing in the order of 300 000 properties which cannot comply. And I might say that Mr Lloyd is the first to recognise that he has no particular skill in relation to all of this area, because he is the first to say that he has not delved into the science of bushfire safety and therefore his capacity to be able to make the specific assertions that he is making in all of this does not have regard to that important element of this critically important issue.

Can I go back, for the purposes of dealing with it, to the foundation of all of this. As we are all very well aware, Victoria suffered probably the ultimate tragedy on Black Saturday: 173 people died, about 2500 homes were destroyed and about 450 000 hectares of our landscape were burned. As a result of that dreadful event, which

we all share in the agony of, then and to this day, the bushfires royal commission was initiated at the time, to its great credit, by the former Labor government. The commission, having heard all the evidence, made 67 recommendations. Recommendation 39 of what the commission said was that:

The state amend the Victorian planning provisions relating to bushfire to ensure that the provisions give —
policy —

priority to the protection of human life ...

That is what recommendation 39 said. An amendment to the planning provisions was made in clause 13.05, and it states:

Overarching strategies

Prioritise the protection of human life over other policy considerations in planning and decision making in areas at risk from bushfire.

That has taken effect since 18 November 2011. The fact is that this has changed the way in which we have land use activities in rural and regional Victoria, and it has presented the necessity for people who want to develop their properties to accommodate the reality of the bushfire attack levels — the BALs — and the planning scheme amendments which have flowed from that. We as a government recognise that that is so. The Minister for Planning has done an enormous amount of work around this issue with a view to being able to accommodate, where we can, the stresses and the pressures upon those who have land which at the moment is difficult to develop or cannot be developed because of the imposition of the overlay.

But I can tell you this, Mr Scott: if the allegation made against me here today comes down to the fact that, through the imposition of that overlay, we have been able to save lives and save property that might otherwise have been lost had we not taken those steps, then I will take that, if that is what the allegation is. Last season in Victoria we had 4600 fires. We had more fires in Victoria than we had in 2009 just this last season, and one does not like to think of what might have happened had we not had these overlays in place. That said, I certainly recognise that there are many folk who have found it difficult — very difficult, and indeed in some instances nigh impossible — to be able to develop their land as a result of the application of the overlay. We as a government are considering that through the minister who has direct responsibility, the Minister for Planning. I was involved in the stages when I was the Minister for Police and Emergency Services and then the minister for bushfire recovery, but the ultimate responsibility for this lies with the Minister for Planning, who I am sure will be able to speak to the committee at more length about the specifics of this, should the committee see fit to ask it of him.

Mr SCOTT — By way of supplementary, and I will ask you in relation to the red tape commissioner rather than something for another minister's area of responsibility: Minister, can you enlighten the committee on why there appear to be two versions of the document, which obviously have significant variations in them, that appeared from 30 October to, I think the date you mentioned was, 1 November 2013?

Mr RYAN — The two documents, and I have only become aware today that there are two documents, were created, presumably — the one in front of you — by Mr Lloyd. I am using the term because I have not seen the document; you have not seen the one I have got.

Mr SCOTT — I am happy for both to be tabled.

Mr RYAN — Tabling them does not provide an ultimate solution.

The practical position is: for the moment let us presume they were both created by Mr Lloyd at different points in time, and how and why that is so is not a matter that I can enlighten the committee about. The document that I have in front of me is the document of which I have knowledge — very obviously, or I would not have been responding in the first instance as I did, Mr Scott.

Mr O'BRIEN — I will continue with a question about budget paper 3, page 48, under 'Trade and export facilitation'. I note there that significant funding has been allocated to the Global Health Melbourne plan over the next three years. I ask you, Deputy Premier, could you provide the committee with an explanation about

what this plan involves and how the money will be spent? And if you could also please provide some examples of the type of projects this plan may help facilitate, in particular any focus on export jobs.

Mr RYAN — The coalition government is proud to deliver a new \$17.8 million economic development initiative, Global Health Melbourne plan, taking Victoria's health strengths to the world. This is an important part of the responsibility that I have as the Minister for State Development, because the intention behind this program is to broaden the base of our economy. We are looking to bring new initiatives to our state, so that the state as a whole can benefit from them.

The plan will establish Victoria as a recognised centre of health and aged-care expertise. It will increase exports of Victorian health and aged-care related services and goods to global markets and, very importantly, it will enhance the delivery of improved health services here in Victoria. The Global Health Melbourne plan recognises Victoria as a leading provider of health and aged-care products and services. It is well placed to capitalise on increased global demand for quality health services and products.

I might say it is an excellent example of a strategy that builds on Victoria's existing strengths to expand and diversify our economic base. Exports in the health and aged-care sector already amount to an estimated \$2.6 billion annually. The Global Health Melbourne plan, for the first time, puts a concerted focus on growing these exports, giving the government a role as a facilitator to help leverage Victoria's demonstrated strengths in the sector to capture economic value and create jobs. This in turn will ensure the highest quality health systems in Victoria through increased revenue, investment and skills.

The Global Health Melbourne plan focuses on seven key areas of strength within our health and aged-care sector. They are health system policy and design, where Victoria has one of the world's top health systems, built on quality care and outstanding expertise. This know-how is in great demand in Asian countries in particular. Medical research — the plan will seek to further promote our strengths in clinical trials, contract research, registries, cohorts, research partnerships and licensing of intellectual property, as well as identifying investment opportunities in this sector. Health and medical conferences — Melbourne is a major drawcard for international conferences and events, and the plan places an extra focus on attracting high-profile international health sector conferences. Workforce training — the plan will identify opportunities to increase the number of students in Victoria, particularly in health and aged care, medical education and training.

Facility design, construction and management — from initial planning and architectural design through to construction and the day-to-day operation of health-care facilities and services, Victoria is very well equipped to provide advice and support to growing international markets. Provision of medical services — there is an opportunity, as I said, to enhance Victoria's reputation as a world-class health centre by providing diagnostic, medical and clinical services to international patients, both on and offshore. Manufactured products and related intellectual property — Victoria is home to one of the world's top biotechnology clusters, and there is further capacity for growth in the export of medical devices, digital ICT health products and pharmaceuticals.

We are backing this plan with \$17.8 million in funding over the next three years. The plan will address barriers to export growth of Victorian health services and goods through five initiatives. They are facilitating trade opportunities for Victorian organisations, enabling collaborations and partnerships, improving the operating environment for Victorian organisations, growing investment in Victoria and building health exports capability.

This initiative will deliver jobs for Victoria and economic benefits for Victorian public and private sector organisations through expansion and diversification of revenue streams from export markets, and through enhanced efficiencies. Importantly, the plan leverages investments already in place for our international strategies for engagement, education and tourism. It recognises there is an increased global demand for high-quality health and aged-care services and products. It is driven by ageing populations and rising numbers of affluent middle-class consumers, especially in the largest and fastest-growing economies like China and India and some of the South-East Asian nations.

Victoria already has strong relationships with many of these countries, with the Victorian government business offices located throughout China, Indonesia, Malaysia and India, to name but a few. With this plan now shining the spotlight on our state's reputation as a leader in health and aged care, Victoria's organisations and businesses will be assisted to make the most of the opportunities already out there. The plan presents a very exciting opportunity for us as a state, and I emphasise that this is not only offshore, it is very much onshore.

This is not only growing export capacity, it is about attracting investment to Victoria and growing and providing an even better health system in our state.

I had the opportunity of being in Israel in or about mid last year, where the way in which in that nation this program operates is doing wonderful things, both for the development of health services within Israel itself but also in being able to attract investment to their nation. We intend, through the delivery of this plan, to achieve similar outcomes.

Ms GARRETT — I refer, Deputy Premier, to your portfolio overview in which you identified one of the key aspects of your role was to develop state significant projects. In that regard I refer you to the Murray Basin rail project and to your announcement of that project on 3 May in which you said, and I quote:

The standardisation is also a crucial first step in the return of passenger rail to Mildura.

Shortly after that the Premier held a press conference and he was reported as saying that the change to a standard gauge will make it impossible for passenger trains to travel on that line. He said — direct quote:

... there may be some opportunity in the future, but I would not emphasise in any way, shape or form anything about ... I wouldn't want to raise people's expectations. This is about freight rail.

and I ask: can you clarify for the committee is the Murray Basin rail project is a crucial step in the return of passenger rail to Mildura, and if so, why does the Premier say otherwise?

Mr RYAN — The Murray Basin rail project is a magnificent initiative. This is a transformational project for rural and regional Victoria. That is particularly so in those parts of the state where there will be the direct impact, mainly from central Victoria right across to the west of our state. But from the point of view of the communities specifically affected by this, it will be absolutely wonderful.

The first stage will see the work being done on the corridor from Mildura to Geelong and equally from Hopetoun to Murtoa. We will then, through the development of the business case, which will be finalised by the end of this year, be able to specify those other lines in the general region which are to be the beneficiary of the work. There are a number of options and alternatives, as the committee can well imagine. We want to achieve the best possible outcome in being able to deliver this project.

And of course the committee would be aware that the former Labor government made a couple of false starts to this project. Minister Peter Batchelor, I remember because I have been in the Parliament long enough, was waving the flag on behalf of the Labor government back in the 90s. I think there was an investment then made of some \$93 or \$96 million. There was going to be rail standardisation; indeed some rail line had been purchased, I think from memory, to the value of about \$17 million. No-one knows to this day where the hell it went. Somewhat unkindly perhaps the minister was termed 'Pig Iron Pete'. But be that as it may, the standardisation of this rail line never eventuated. In fairness, about \$36 million of state money was employed together with about \$20 million of federal money after the former Deputy Prime Minister came to a program in which he was enlisted by the then Labor government, so we had Tim Fischer's plan with three different stages in it for the development of these rail lines.

All that said, we are going to standardise what is a rail freight line. It is a great, great project. It will have huge benefits for the region. As I have already indicated, being able to get \$9.4 billion worth of food and fibre exports to port in a way which is more efficient and productive is a wonderful thing. When you think that out of Victoria about \$2.2 billion of our food and fibre exports is in the grain market, and \$1.5 billion of that comes out of this area that will be serviced by this program, when you also think that about a billion dollars worth of mineral sands is produced out of this area and is basically devoted to export, and that is without even moving on to the magnificent horticulture sector and the many other elements that rely upon transport to port to be able to have their product leave Australia, you can on only the quickest of glances see the magnificent benefits which this wonderful project will bring.

The standardisation of the line, initially down to Maryborough as part of the project, which, without anticipating the business case, I expect will occur, will see us have the standard line down to there. In the sense of standardisation being part of a longer term prospect of passenger rail being able to be delivered to other parts of the area serviced by what is a rail freight initiative, yes, it is a step along the way. It is a step along the way, but the emphasis at the moment is on rail freight. That is what the whole thing is headlined under; that is what a

figure of up to \$220 million is intended to achieve. We as a government are thrilled to see it happen. We will have of course that occurring as the use of part of the proceeds from the sale of RFC, which in itself is going to provide about \$407 million net for the government plus the 15 per cent uplift. We are going to have about 450 million, \$460 million available to us and 220 million odd of it is going to make its way into this project. It will be an absolute ripper.

The CHAIR — We are out of time. I will allow a very quick supplementary.

Ms GARRETT — With respect, Minister, we have significant contradictory statements between you and the Premier about passenger — —

Mr RYAN — Well, in your view, with respect.

Ms GARRETT — I think in the community of Mildura's view. I simply ask: who should the community of Mildura believe about passenger rail, you or the Premier?

Mr RYAN — The people of Mildura can have great confidence in the fact that this government will deliver on something that Labor never could or never would, and in that context I note that Labor will not commit now to this project that we are undertaking. This is a rail freight project. We would love Her Majesty's loyal opposition now to commit to the fact that in the awful event that they were to win on 29 November they would build it. But that is a matter for another day of course. Insofar as the question is concerned, both the Premier and I have indicated — when you have regard to his actual quote, as opposed to the editorialising around it — —

Ms GARRETT — The journalists are in trouble today.

Mr RYAN — You read it out. The fact is when you take the two commentaries together, there is no distinction between them. The focus of this great project is on rail freight, and we as a government will be absolutely delighted to deliver it not only to the people of Mildura but to the people of rural and regional Victoria more generally.

The CHAIR — Thank you, Deputy Premier. That concludes the hearing for the state development portfolio. I thank the Deputy Premier, the secretary and departmental officers for their attendance.

Witnesses withdrew.